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AND PEOPLES

BRITISH VIRGIN ISLANDS

Working paper prepared by the Secretariat

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BRITISH VIRGIN ISLANDS 1/

I. GENERAL

1. The British Virgin Islands comprises nearly 30 islands and islets, 16 of which are inhabited. They cover a total of 153 square kilometres and lie 96 kilometres east of Puerto Rico and 225 kilometres north-west of Saint Kitts and Nevis. The Territory also lies in close proximity to the United States Virgin Islands. The most important islands in the Territory are Tortola (54 square kilometres, the largest in the group), Anegada (38 square kilometres), Virgin Gorda (21 square kilometres) and Jost Van Dyke (9 square kilometres). Peter Island and Cooper Island are mainly holiday resorts. The main airport is situated on Beef Island. Road Town, the capital, is located on Tortola.

2. The climate is subtropical and is moderated by trade winds. The average temperature in winter ranges from 20 to 28 degrees centigrade and in summer from 26 to 31 degrees centigrade. Mean annual rainfall is 1,270 millimetres.

3. The Territory, along with other Commonwealth Caribbean countries, conducted a population and housing census from 15 April to 12 May 1991. The preliminary count indicated that on 12 May, census day, the total population of the Territory was 17,733 inhabitants, of whom 16,749 were residents and 984 were non-resident tourists. This figure represents an increase of more than 47 per cent over the 1980 census figure of 12,034. 1/ The distribution of the population is given in the table below.

Total population by islands, including institutional and marine population, 1980 and 1991 censuses

	1980	1991	Percentage change
British Virgin Islands	12 034	17 733	47.4
Tortola	9 119	13 568	48.8
Virgin Gorda	1 412	2 495	76.7
Anagada	164	156	(4.9)
Jost Van Dyke	134	141	5.2
Other islands	156	176	12.8
Marine population a/	220	108	(50.1)
Institutional population b/	662	1 089	64.5

Source: Territorial Development Planning Unit.

a/ Persons living on boats, yachts, etc., within territorial waters.

b/ Persons living collectively for disciplinary, health, military and other reasons. In the Territory, these persons are accommodated in the hospital, prisons, home for the aged and the police barrack.

4. A comparison of the census enumeration figures in 1980 and 1991 shows that the population of Tortola, which accounts for 76.5 per cent of the total population of the Territory, increased by 48.8 per cent, from 9,119 in 1980 to 13,568 in 1991. Virgin Gorda recorded the highest population growth since the last census was taken, with a population increase of 76.7 per cent, from 1,412 to 2,495. There was, however, a decline in the population of Anegada (down from 164 to 156), and a significant reduction in the number of persons living on yachts (50 per cent). 1/

5. The most densely populated areas are Purcell and Free Bottom, with a population of 1,488; Road Town, the capital, with a population of 2,948; and the area from Slaney to Baughers Bay, with a population of 6,330, or 35.7 per cent of the population of the Territory. 1/

6. The population increase in the Territory is attributed to the large influx of migrant workers. The economy of the Territory depends on them to meet its demand for workers in the construction and tourism sectors. 1/

7. Owing to the Territory's special relationship with the United States Virgin Islands, its residents are exempt from visa requirements of the United States of America when visiting the United States Virgin Islands. As a result of this arrangement, however, the Territory continued to experience some difficulties with illegal immigrants. It was reported on 16 May 1991 that immigration officials had found 29 illegal immigrants from countries in the Caribbean and in Asia stranded on Ginger Island. Officials believe that the final destination of the aliens, who were repatriated, was Puerto Rico. 2/

II. CONSTITUTIONAL AND POLITICAL DEVELOPMENTS

A. Constitution

8. The Territory is administered under the Virgin Islands Constitution Order, 1976, which came into force in 1977 and was amended in 1979 and 1982. The Government consists of a Governor appointed by the Queen, an Executive Council and a Legislative Council.

9. The Governor is responsible for defence and internal security, external affairs, the civil service and the administration of courts. He acts in consultation with the Chief Minister on these matters. He has reserved legislative powers in the exercise of his responsibilities. On other matters, however, he is required to act in accordance with the advice of the Executive Council. The Constitution makes provision for the post of Deputy Governor.

10. The Executive Council consists of the Governor as Chairman, the Chief Minister, three other ministers and one ex officio member (the Attorney-General).

11. The Legislative Council consists of a Speaker who is elected from outside the Council, one ex officio member (the Attorney-General) and nine elected members returned from single-member constituencies every four years. The Governor appoints as Chief Minister the elected member of the Legislative Council most likely to command a majority in that body. The other ministers are appointed by the Governor on the advice of the Chief Minister and are assigned responsibility for any government business, except in those areas for which the Governor retains responsibility. The Constitution provides for a Deputy Chief Minister and a Leader of the Opposition.

12. It was reported on 5 December 1991 that an amendment to the Constitution was proposed which would allow legislators to represent the Territory in regional affairs. Section 19 of the Constitution restricts participation in foreign affairs to the Governor only. 3/

Judiciary

13. The law of the British Virgin Islands is the common law of the United Kingdom of Great Britain and Northern Ireland, together with locally enacted legislation. It is administered by the Court of Summary Jurisdiction, the Magistrates' Court, the Juvenile Court and, by special arrangement, the Eastern Caribbean Supreme Court, which comprises a High Court of Justice and a Court of Appeal. There is a resident puisne judge whose jurisdiction includes Anguilla. The most recent judiciary review was conducted by the administering Power in March 1990 (see A/AC.109/1060, para. 14).

Appointment of a new Governor

14. In June 1991, the United Kingdom Foreign and Commonwealth Office announced the appointment of Mr. Peter A. Penfold as successor to Governor Mark Herdman, whose five-year term of office was due to end on 11 October 1991. 4/ Governor Penfold was sworn in on 14 October 1991.

B. Political parties and elections

15. It will be recalled that the territorial Government announced in September 1990 the amendment by the Legislative Council of the Elections Act of 1977. The amended Act granted, inter alia, legal approval for proxy voting in the 1990 general election, including measures through the Territory's High Court to address any improprieties related to proxy voting, and for continuous voter registration. Final approval of the Act which would make it a law must be given by the administering Power, which reportedly has temporarily withheld approval after some opposition members raised objections to the amendment. 5/

16. In the 1990 general election, the ruling Virgin Islands Party (VIP), led by Mr. Lavity Stoutt, the Chief Minister, won six seats which enabled it to command a majority in the Legislative Council. Incumbents of the three remaining seats were returned to office. Election officials reported that the voter turnout was over 70 per cent. Some 495 applications were submitted for proxy voting, 37 of which were rejected. Following the election, there were allegations of irregularites relating to the securing and casting of proxy votes.

17. For information on the ministerial appointments by the Governor, see the working paper prepared by the Secretariat in 1991 (A/AC.109/1060, para. 20).

C. Future status of the Territory

1. Position of the territorial Government

18. During the campaign for the general election held in 1990, the question of the future political status of the Territory was not an issue. As previously reported, representatives of the territorial Government maintain the position that the people of the British Virgin Islands wish to preserve the current status, which could only be changed by a constitutional amendment (see A/AC.109/1060, paras. 21-23).

2. Position of the administering Power

19. In his statement before the Fourth Committee of the General Assembly on 23 October 1991, the representative of the United Kingdom said that the wishes of the people who lived in British dependent Territories were of primary importance and as such were used as the guiding principle in policy formulation by his Government. The United Kingdom took seriously its obligations under the Charter of the United Nations to develop self-government in its dependent Territories and, in cooperation with the locally elected Governments, to ensure that their constitutional frameworks continued to meet the wishes and aspirations of their peoples. His country also took seriously its obligations in responding to the economic needs of the people of the Territories. 6/

20. During a visit to the Territory to ascertain the wishes of the people, Mr. Adrian Beamish, Assistant Secretary of State for the Americas at the Foreign and Commonwealth Office, stated that the United Kingdom Government "had no a priori disposition to bring the Territories to independence or to maintain them as dependencies". He further stated that if a particular Territory indicated its interest in any form of independence, his Government would respect the decision of the Territory; should a Territory wish to maintain the existing arrangement, however, his Government would likewise support that wish. 7/

21. Also, at a meeting with Chief Minister Stoutt during a visit to the Territory, Mr. Georges Foulkes, United Kingdom Member of Parliament, discussed the issue of where the boundaries between the responsibility of the United Kingdom Government and the territorial Government lay and whether they should be redefined. Mr. Foulkes referred specifically to control of the police and appointments to the civil service. He further stated that it would be inappropriate for the administering Power to initiate any change, but that it favoured consultation with the elected representatives of the territorial Government in order to be apprised of their views. He proposed a greater role for locally elected officials in the administration of the Territory. 8/

3. Action taken by the General Assembly

22. On 11 December 1991, the General Assembly adopted a consolidated resolution (46/68) on 10 dependent Territories, a section of which was specifically devoted to the Territory (resolution 46/68 B, sect. IV). In its resolution, the Assembly called upon the administering Power to facilitate the admission of the Territory to associate membership in the Food and Agriculture Organization of the United Nations (FAO) and in the Caribbean Community (CARICOM), as well as its participation in other regional and international organizations as identified by the territorial Government; and, in cooperation with the territorial Government, to provide the necessary assistance to the Territory to develop and diversify its economy. The Assembly noted with satisfacton the measures being taken by the territorial Government to prevent drug trafficking and money laundering, and urged the administering Power to continue its assistance to the Territory in those endeavours. The Assembly urged the regional and international financial institutions, as well as the specialized agencies and other organizations of the United Nations system, to assist the territorial Government in identifying its medium- and long-term needs and to increase their participation in the recovery and reconstruction of the Territory. In resolution 46/68 A, the Assembly called upon the administering Powers of the Non-Self-Governing Territories to facilitate programmes of political education in the Territories in order to foster an awareness among the people of the possibilities open to them in the exercise of their right to self-determination, in conformity with the legitimate political status options clearly defined in its resolution 1514 (XV) of 14 December 1960.

D. External relations

23. The British Virgin Islands is an associate member of the International Labour Organisation (ILO), the United Nations Educational, Scientific and Cultural Organization (UNESCO) and the Economic Commission for Latin America and the Caribbean (ECLAC) and its subsidiary bodies, including the Caribbean Development Coordination Committee (CDCC). The Territory has also held associate status in the Organization of Eastern Caribbean States (OECS) since 1984, and most recently was granted the same status in CARICOM. During the period under review, it was represented in meetings of the Caribbean Group for Cooperation in Economic Development sponsored by the World Bank. The territorial Government has applied for membership in FAO.

24. As previously reported (A/AC.109/1060, paras. 28 and 29), the territorial Government had requested formal authorization from the administering Power to conclude an agreement with CARICOM for associate membership. The Twelfth Meeting of the Conference of Heads of Government, held in Saint Kitts and Nevis in July 1991, considered and approved the request for admission of the Territory as an associate member. 9/ The British Virgin Islands is the second Caribbean dependent Territory, after Montserrat, to hold associate membership status with CARICOM. As an associate member, the Territory can hold membership in all of the organization's standing committees, except for the

Standing Committee of Ministers for Foreign Affairs, and will be able to attend the meetings of the heads of Government in an observer capacity. 10/ Following the signing of the agreement, Chief Minister Stoutt is reported to have stated, inter alia, that "the relationship ... forged today signals the formal launching of a most meaningful socio-economic union between member States and our own small but dynamic community". 11/

25. Prior to its admission as an associate member of CARICOM, the Territory held membership in institutions associated with CARICOM, including the Caribbean Development Bank (CDB) and the University of the West Indies.

26. During the period under review, the British Virgin Islands continued to be actively involved in the activities of OECS. In June 1991, the Territory hosted a three-day OECS conference on coastal legislation, which was attended by representatives of seven OECS countries. 12/ Representatives of the Territory also attended OECS meetings abroad. In March 1991, two territorial government officials attended a regional meeting of the OECS Natural Resources Management Unit, held in Saint Lucia. 13/ In June 1991, a delegation led by the Chief Minister attended meetings of the OECS Economic Affairs Committee and the OECS Authority, as well as the Meeting of Ministers for Tourism of OECS countries, held in Grenada. 14/ In September 1991, it was reported that a trade officer had attended the ninth meeting of the Board of Directors of the Eastern Caribbean States Export Development Agency, an agency of OECS, held in Saint Vincent and the Grenadines. 15/ In October 1991, the Minister for Education attended the fifth annual Meeting of OECS Ministers for Education. 16/

27. It was reported that Mr. Joseph Archibald, Q.C., President of the British Virgin Islands Bar Association, had been elected President of the OECS Bar Association, at its first general meeting, held in Saint Vincent and the Grenadines. 17/

28. During the period under review, the Territory continued to participate in programmes conducted by international organizations. Press reports in March 1991 stated that consultants of the United Nations Children's Fund (UNICEF) had visited the Territory to hold talks with officials of the Ministry of Health, Education and Welfare, in the context of a five-year multi-island programme (see also para. 76). 18/ Also in the same month, a joint United Nations/United Kingdom Demand Reduction Task Force visited the Territory to help the National Drug Advisory Council complete plans for a two-year project (see also para. 87). 19/ In July 1991, the British Virgin Islands hosted a meeting which was sponsored by UNESCO and the Caribbean Network of Educational Innovation for Development (CARNEID) in conjunction with the British Development Division in the Caribbean. The meeting of Chief Education Officers was attended by participants from 15 Caribbean countries. 20/

29. There were exchanges of visits between high-level representatives of the administering Power, the territorial Government and regional and international organizations during the period under review. In February 1991, an official

of the West Indian and Atlantic Department in the Foreign and Commonwealth Office, Miss Nicola Walsh, paid a familiarization visit to the Territory. 21/ In September 1991, the United States Consul in Antigua visited the Territory, where she held discussions with the Governor and Chief Minister and conducted interviews for visas. 22/ Also in the same month, the Executive Director of the Eastern Caribbean Investment Promotion Service held talks in the Territory with officials regarding a project that would promote subregional investment opportunities. 22/ In November 1991, Baroness Young, a United Kingdom Member of Parliament, visited the Territory to hold meetings with the Governor, the Chief Minister and Department of Education officials. 23/

30. In March 1991, the Chief Minister attended an international tourism exposition at Berlin (see also para. 73), following which he travelled to London to hold two weeks of talks with officials of the Foreign and Commonwealth Office as well as with representatives of the United Kingdom tourism and financial sectors. Additional items on the agenda were reported to be the issue of associate membership in CARICOM, the allocation of capital aid by the United Kingdom to the Territory, financial assistance for the extension of the Beef Island Airport runway and support by the territorial Government for the death penalty. 19/

31. The nineteenth annual United States Virgin Islands/British Virgin Islands Friendship Day was celebrated on 26 October 1991 in the British Virgin Islands. 24/

32. During the period under review, meetings between representatives of the British Virgin Islands and the United States Virgin Islands were held under the auspices of the Inter-Virgin Islands Conference, which was re-established in 1990 (see A/AC.109/1060, paras. 35 and 36). The first meeting was held to discuss possible areas of cooperation between the two Territories in disaster prevention 25/ and, in a second meeting, Chief Minister Stoutt and Governor Farrelly of the United States Virgin Islands discussed problems faced by both Territories, including that of illegal immigrants. In another meeting of the Conference held in the United States Virgin Islands in October 1991, they agreed to promote the two Territories jointly as a yachting and sport-fishing centre. 9/

E. Public service

33. According to 1985 figures, the latest year for which data are available, the territorial Government employed 1,107 civil servants, 866 of whom occupied established posts. The public service sector accounted for 21.9 per cent of the labour force. Following an examination of staffing needs and a salary revision in 1987 and 1988, the territorial Government decided to control the growth of the public service to the extent possible. In order to improve its efficiency, the Government planned to continue making improvements in in-service and overseas training for public servants.

34. In that regard, during the period under consideration, 44 civil servants at the mid-management level completed a two-year pilot project aimed at upgrading of skills. The programme, sponsored by the International Management Association Network, the Canadian International Development Agency (CIDA), the Ontario Government and the Manitoba Institute of Management, was piloted in the British Virgin Islands and in Grenada. 26/ It was also reported in December 1991 that seven police officers who had returned from training in Barbados had joined the force, bringing the total number of officers to 124. 27/

35. A study conducted by the Fire and Rescue Services Department showed that the department was underequipped, thus influencing a decision of the Deputy Governor to purchase more equipment for it. 28/ Subsequently, it has been reported that expenses for fire services had increased considerably, to US$ 743,400 29/ in 1991 compared with $440,747 in 1989. 24/ The staff in the Fire Department had also increased from 30 to 36. With regard to Her Majesty's Prison, expenditure had also increased, from $320,288 in 1989 to $457,300 in 1991. Press reports stated that the territorial Government planned to build a temporary "open prison" in Paraquita Bay to ease overcrowding in the prison until a permanent facility is built. 30/

III. ECONOMIC CONDITIONS

A. General

36. The economy of the British Virgin Islands is dependent on tourism, banking, real estate development, construction and government services. Agricultural and manufacturing activities play a secondary role. According to CDB in its report on the Territory for 1990, during the period under review, growth was fuelled by a rapid expansion of the offshore financial services sector. Also, the economic picture was being aided by both public and private sector investments in housing. The strong growth performance of these two sectors compensated for a decrease in the growth rate of visitor arrivals, which could be attributed to adverse after-effects of hurricane Hugo and a slowdown in growth in major tourist markets. Despite a sharp increase in government revenue, the sustained economic buoyance was accompanied by a slight increase in inflation and a shortage of skilled labour.

37. In its Annual Report 1990, CDB stated that during the year economic growth in the British Virgin Islands had decreased to 6.3 per cent from 7.5 per cent in 1989 although, overall, it expected the Territory to maintain a high rate of growth in 1991, owing to sustained public and private sector investment, particularly in construction. The Bank reported that the economy of the Territory had begun to be affected by a decline in stopover visitors, sharp increases in international oil prices, which contributed to a rise in domestic prices, and shortages of skilled labour. It expected no major growth in the agriculture and light manufacturing sectors, and noted that the economy of the Territory remained vulnerable to rising labour costs and external economic factors. It predicted that over the medium term, economic

performance would depend on the ability of the Territory to sustain growth in both the tourism and offshore financial service sectors.

B. Public finance

38. In his 1991 budget presentation on 18 April, the Chief Minister proposed current expenditure of $46 million and capital expenditure of $38 million and announced an expected current revenue intake of $50.7 million. 31/ The Chief Minister stated that the unfavourable international economic climate had been taken into consideration in drawing up the budget estimates, and called upon the Territory's financial institutions to play a greater role in development. 32/

39. Subsequent to the Chief Minister's presentation, in July 1991 the Legislative Council appropriated a budget supplement of more than $2 million, bringing the total budget appropriation to over $48 million. The additional appropriation included $300,000 for road repairs. 33/ In December 1991, the Legislative Council again approved an additional provision for recurrent expenditure of $1,776,000 and capital expenditure of $453,670. 34/

40. According to the 1991 recurrent budget estimates of revenue and expenditure, actual annual revenue in the Territory has more than tripled over the past decade, reaching $47.3 million in 1990. The largest amount of revenue ($24 million) was earned from taxes and licences, including licences from the Territory's offshore financial services sector. The second largest source of revenue was realized from customs ($10.8 million in 1990); and the third from government services ($7.7 million). Non-tax revenue, which accounts for the remainder, also reportedly increased by the same percentage. 35/

41. CDB reported that during 1990, commercial bank activity had continued at an extremely high level. Bank deposits increased by 9.8 per cent to $312 million while advances increased by 16.5 per cent to $162 million. At the end of June 1990, bank loans totalled $152 million, an increase of 21.9 per cent over the 1989 figure for the same period. These funds were given mainly to finance personal loans and to provide credit to the construction and commercial sectors. There was, however, a change in the distribution of bank credit, with property loans accounting for 29.9 per cent of total loans outstanding at the end of 1990, compared with 32.3 per cent in 1989. Similarly, the share of construction loans decreased from 20.9 to 19.8 per cent. Conversely, shares of personal loans rose from 25.5 to 27.3 per cent, commercial loans rose from 14.7 to 16.1 per cent and real estate loans increased from 5.4 to 5.7 per cent.

42. In 1990, the territorial Government concluded negotiations with a consortium of four locally based commercial banks and the Social Security Board for a loan of $11.5 million to finance a new central administrative complex and government law offices at Wickham's Cay.

43. It was reported on 7 December 1991 that the territorial Government would begin paying its annual instalment of $62,500 to the CDB Special Development Fund. The total contribution of $250,000 which was approved by the Legislative Council is to be charged against the Capital Fund. 34/

44. Press reports in January 1992 stated that according to a British Member of Parliament, the British Development Division in Barbados would not increase the amount of money available to the British Virgin Islands, since the Territory had been successful in increasing its average gross domestic product (GDP). That decision was taken in accordance with the policy of the British Development Division of requiring a Territory to finance its own capital programme once its average GDP reaches a certain level. 36/

C. Land, development and construction

45. CDB reported that during 1990, social and physical infrastructural projects were the key feature of capital expenditure. Among the projects completed were the rehabilitation of schools damaged by hurricane Hugo, the construction of multi-purpose health clinics and the rehabilitation of roads and bridges. During 1991-1992, the territorial Government planned to invest $59.7 million in its Public Sector Investment Programme. The projects envisaged are consistent with the objective of providing basic infrastructure which would directly support productive activities.

46. In the six-month period ending in June 1990, CDB reported that construction starts were estimated at 147 and valued at $24.1 million, and the reconstruction and repair work done in the aftermath of hurricane Hugo had made the construction sector one of the more dynamic areas in 1990. Commercial banks supported both the reconstruction of small buildings and the restoration of dwellings, using payments received from damage insurance and reinsurance claims. Delays in the disbursement of funds by multilateral agencies, however, hindered full implementation by the territorial Government of its reconstruction programme for 1990.

47. It was announced in November 1991 that the Barbados-based British Development Division had appropriated over $1 million for expansion projects on Virgin Gorda. The funds are expected to be used for capital improvements, including improvements to port facilities and the water supply, the construction of a passenger terminal, jetties and a prefabricated reservoir with a desalination plant, and the extension of educational facilities. 37/

48. Other projects slated for execution included the construction of a cruise ship dock at Wickham's Cay, which is to be funded by CDB; and a $350,000 marine shore base, which is being funded by British Development Aid; as well as construction and equipping of a solid waste incinerator, 70 per cent of which was to be financed by the Bank of Nova Scotia ($3.5 million) and the remaining 30 per cent by the territorial Government. 38/

49. Further to the report on the territorial Government's policy of buying land which it makes available to local buyers as the need arises (A/AC.109/1021, para. 39, and A/AC.109/1060, para. 51), the territorial Government contracted the British Executive Services Overseas Organization to conduct a study on government management of more than 1,214 hectares of land classified as Crown Land. Results of the study showed that land was being inefficiently managed and that the Government could earn more from its real estate investments. The study recommended the establishment of a computerized management system to facilitate the monitoring of lease agreements. It was reported that more than 50 per cent of Crown Land was leased to businesses and individuals. 39/

50. It was reported in the local press that the Land Development Control Ordinance of 1969, which aims at regulating development in the Territory, is to be superseded by a land planning and development bill which was developed with assistance from the United Nations Centre for Human Settlements (UNCHS). 40/

51. According to press reports, the European Economic Community is to contribute about $12 million to the Territory over the next few years to fund several projects, including the construction of three water distribution plants. The project is part of a national plan to improve water supply facilities, and is included in the territorial Government's Public Sector Investment Programme. 40/

D. Agriculture, livestock and fisheries

52. CDB reported that in 1990, the agriculture sector had recovered slightly after hurricane Hugo caused a 90 per cent loss of crops, livestock and farm buildings the previous year. The recovery was a result of incentives which the territorial Government provided, in order to overcome the constraints caused by the hurricane.

53. During the period under review, fresh fruit and vegetable production increased as a result of strengthened domestic marketing arrangements. In the livestock subsector, the linkage between farmers and meat distributors was also strengthened, resulting in an expansion in the supply of fresh beef to the extent that 90 per cent of the local demand was met in 1990. Also, beef exports to other Caribbean islands continued.

54. In November 1991, police and immigration officers, as well as an OECS representative and members of the Port Authority, attended a seminar whose focus was enforcement of fishing regulations. 41/ Also, improvement of the Territory's fishing industry was the topic of a seminar conducted by the Department of Conservation and Fisheries in December 1991.

55. In 1990, the Department of Agriculture began a five-year project aimed at bringing 47 hectares of land under fruit-tree cultivation. In March 1991, it was reported that the pilot phase had been completed with 3.2 hectares of

planting. The Department, which provided the trees, fencing and basic irrigation material, assisted project participants in marketing their produce. 17/

56. In an effort to assist livestock and crop farmers, the Department reportedly opened an agricultural substation, which would provide a wide range of services to both livestock and crop farmers. 42/ Also, a significant increase in egg production could be attributed to a major drive by the Department to improve production methods, including conducting management workshops for poultry farmers. 43/

E. Industrial development and mining

57. Industrial activities continued to recover from the effects of hurricane Hugo during the period under review. This recovery was confined, however, to firms engaged in food processing, handicraft production for the local market and stone crushing. With regard to stone-crushing activities, CDB warned that the unplanned exploitation of that resource might cause future ecological problems. In contrast, the boat-building and boat repair industry showed a slight contraction owing to a slow-down in tourism.

58. CDB reported that no major growth was expected in light manufacturing, given existing bottlenecks and disincentives. It was reported in the local press that in an effort to stimulate industrial development, the territorial Government had undertaken a review of business incentives legislation. The legislation includes the Pioneer Services and Enterprises Ordinance of 1966, the Hotel Aid Amendment Act of 1977 and the Encouragement of Industries Act of 1961. Under review also are various customs acts which provide for exemption from import duty of goods relevant to the production of locally manufactured goods. 44/

F. Communications and other basic facilities

59. As part of the territorial Government's Public Sector Investment Programme, the upgrading of the Beef Island Airport terminal and the rehabilitation of roads and bridges are among the projects to be executed.

60. It was reported in May 1991 that CIDA had launched the $4.5 million Beef Island Airport project, which was a follow-up effort to the five-year Caribbean Airport Project that was completed in 1990. The project, which is expected to provide institutional support, is a continuation of the upgrading of airport operations and maintenance systems started during the first project. The Territory was among 13 countries in the region that had received technical assistance and equipment from CIDA during implementation of the initial project. The follow-up project, which was begun in February 1991, aims at ensuring that aviation management procedures in the Caribbean meet high enough standards to contribute to the economic development of the region. 35/

61. According to press reports, the financially troubled national carrier, Air BVI, which had been grounded in June 1991, was being assumed by a British company that had been negotiating the purchase of the majority of the airline's stock. Meanwhile, competing airlines filled the void, and the territorial Government had asked another carrier, Virgin Air, to begin flying to Beef Island Airport. It was expected that the national carrier would resume service by February 1992. 45/

62. The Territory continued to receive telecommunications service from Cable and Wireless (West Indies), Limited. In July 1991, that company announced that it would introduce a new package of telephone rates, which would result in reduced rates for internatonal calls. 5/

G. International business and finance

63. The consistent success of the Territory as an offshore financial centre could be attributed to a stable political climate and to incentives by the territorial Government. In its annual report, CDB noted that 15,500 international business companies had been incorporated in the Territory in 1990, bringing the total number to 38,400. In comparison, an estimated 11,000 companies were incorporated in 1989. The expansion brought in $7.2 million in revenue.

64. In order to enhance further the Territory's reputation as an international financial centre, the territorial Government made significant changes in legislation governing the operations of commercial banks and other financial institutions. These included amendments to the Company Management Act, 1990, and the Bank and Trust Companies Act, 1990, which the Legislative Council passed in October 1990 and became law on 15 June 1991, and the International Business Company (Amendment) Act, which was passed in December 1991 and became effective in January 1992 (see A/AC.109/1060, paras. 71-73). The amendments, which are aimed at rectifying deficiencies in legislation governing the operations of the financial services sector, provide for more effective management and supervisory control of banking, trust, business and related matters.

65. On 21 March 1991, the Legislative Council passed the Insurance Business (Special Provisions) Act of 1991, which would enable an insurance supervisor to investigate in detail all insurance companies registered in the Territory. The new legislation applies both to onshore and offshore insurance businesses, and is expected to impose stricter regulations on insurance companies doing business in the Territory and to create an attractive environment for legitimate insurance business. 43/ It was reported that upon enforcement of the Act, some 25 insurance companies might be prosecuted and 400 struck off the British Virgin Islands register. 40/

66. The offshore financial sector employs some 400 persons, whose average wage is reported to be the highest in the Territory. Efforts are under way to encourage nationals to obtain qualifications and acquire experience that would

qualify them to occupy senior positions in the industry. In this regard, the territorial Association of Registered Agents announced its intention to conduct a long-term education programme, in conjunction with the British Virgin Islands Community College, to prepare nationals for some senior management positions. 46/

H. Tourism and related activities

67. CDB reported that although in 1990 tourism remained one of the two major pillars of the Territory's economy, a decrease in the growth rate of visitor arrivals in the Territory continued, with total visitor arrivals recorded at 336,116, representing an increase of only 9.9 per cent in comparison to an increase of 25.8 per cent in 1989. According to the Territory's Planning Unit, total arrivals for the third quarter of 1991 were 73,877, compared with 76,432 during the same period in 1990, a 3.3 per cent decrease. 47/

68. In 1990, the number of stopover visitors declined marginally by 0.32 per cent to 176,613. Stopover visitors accounted for 52.5 per cent of total arrivals, compared with 57.9 per cent in 1989.

69. Although there were fewer stopover visitors, it has been reported that the average length of stay and visitor expenditure increased. 10/ Government figures show that stopover guests spent $6.4 million more in 1990 than the previous year. Cruise ship visitors reportedly spent $2.9 million in 1990 and day visitors spent $900,000. Also, during the third quarter of 1991, tourist expenditure amounted to $25,518, compared with $23,810 during the same period in 1990, a 7.2 per cent increase.

70. On the other hand, the cruise ship industry was robust in 1990, with arrivals increasing by 51.7 per cent over the figure for 1989, to reach 107,333. The sharp increase in visitors stemmed in part from a diversion of cruise ship traffic from the Mediterranean to the Caribbean as a result of the crisis in the Middle East, and in part from reconstruction of the tourism infrastructure in the neighbouring United States Virgin Islands. 10/

71. The charter sailing industry reported a 3.3 per cent decrease in revenue in late 1990 and early 1991, owing to a 10 per cent reduction in business. The industry traditionally accounts for nearly half of the Territory's tourism income. A Tourist Board report showed that $58.7 million had been spent in chartering in 1990, compared with $60.7 million in 1989. 11/

72. Press reports stated that the tourist industry in the Territory would receive $5 million in funding through the Lomé III programme to OECS. The funds are earmarked for marketing, training and environmental studies relating to tourism. 47/

73. In March 1991, Chief Minister Stoutt led a delegation to a tourism trade exhibition at Berlin, Germany, where he announced the appointment of a new

Berlin-based British Virgin Islands Tourist Board representative. While in Berlin, the delegation attended a meeting of the Caribbean Tourism Organization. 17/ Representatives of the territorial Government and the local tourist industry also attended the annual conference of that organization, which was held in Venezuela in September 1991. 48/

I. Assistance from the specialized agencies and other organizations and institutions of the United Nations system

74. The United Nations Development Programme (UNDP) country programme for the Territory for the period 1987-1991 remained the frame of reference for external technical cooperation inputs, particularly from the specialized agencies and other organizations of the United Nations system represented in the Caribbean. Owing to the Territory's high per capita income, UNDP has noted that the Territory might graduate to "net-contributor status" in the fifth programming cycle (1992-1996). Should this occur, all costs for projects would be borne fully by the Government. Assistance by UNDP continued primarily in the area of physical development planning.

75. UNICEF continued to provide assistance to the Territory. In 1991, it programmed $5,000 for early childhood education and development, $10,000 for women in development and $2,000 for health. These figures do not include programme support costs and other funds received through subregional activities. 49/

76. The British Virgin Islands is one of nine Caribbean countries participating in the UNICEF-sponsored five-year multi-island programme. The Territory has received approximately $90,000 since the programme began. The programme, which is aimed at improving the lives of children in the region and which has also funded the expansion of certain preschool buildings and recreational areas, is expected to end in 1992. During a visit to the Territory in February 1991, UNICEF consultants and territorial officials discussed the impact of the 50 per cent reduction in funds provided by UNICEF in 1991, and the possibility of continuation of the multi-island programme after 1992. 18/

77. During the period under review, the Territory also received assistance from UNCHS (see para. 50).

J. External debt and trade

78. According to CDB, the external debt of the Territory decreased from $22 million at the end of 1989 to $17.5 million at the end of 1990. Most of the debt took the form of loans from international institutions.

79. According to statistics released by the Development Planning Unit for 1989, the Territory imported $131 million worth of goods, representing a

9.4 per cent increase over the previous year, and exported goods amounting to $3.4 million. Although the figures showed a continued trend of a growing trade deficit, exports for 1989 had also increased, as had been the pattern since 1982. In 1989, exports increased by 14 per cent over the 1988 figure of $3 million. Imports have increased by 163 per cent since 1981, when $49.8 million in goods was taken into the Territory. The Unit attributed the increase in imports in part to demands placed by tourism. The imbalance was offset, however, by earnings from the tourism sector. Whereas in 1989 the intake from exports was only $3.4 million, revenue earned from tourism was $124.7 million. 27/

80. During a visit to the Territory, a British Member of Parliament stated that a Labour Government would encourage and promote trade between the administering Power and the Caribbean, particularly its dependent Territories. 24/

IV. SOCIAL CONDITIONS

A. Labour

81. According to CDB, the relative scarcity of skilled manpower remained the single most important constraint to the realization of the full development potential of the economy of the Territory. It regarded the current scarcity of human resources as not only of a general quantitative nature, but also of a qualitative one. CDB noted that efforts at improving the quality of the labour force should be expanded in order to upgrade skills.

82. In 1990, the British Virgin Islands Community College was opened with the aim of meeting the manpower requirements of the public service and the tourist and financial sectors. The programme is, however, reported to be experiencing a shortage of staff in addition to inadequate facilities, which the territorial Government intends to address.

B. Public health

83. The Territory continued to be served by the 55-bed Pebbles Hospital on Tortola and a number of health clinics throughout the Territory.

84. It was reported in December 1991 that eight persons had been infected with the human immunodeficiency virus (HIV). The Caribbean Epidemiological Centre (CAREC) has recommended that an education campaign on the acquired immune deficiency syndrome (AIDS) should be conducted. 50/

85. During the period under review, a senior medical technologist at CAREC conducted a course in the Territory, which is expected to serve as the basis for a survey on the prevalence of parasitic infections in children in the British Virgin Islands. 3/

C. Crime prevention and drugs

86. In May 1991, it was reported that the British Government had decided to abolish the death penalty for murder in its Caribbean dependent Territories. Leaders of the territorial Government protested the decision and requested that it be reviewed since the local Government had not been consulted. 31/

87. In March 1991, a delegation, which included representatives of the United Nations Fund for Drug Abuse Control and of the United Kingdom Demand Reduction Task Force visited the Territory to assist the National Drug Advisory Council in completing plans for a proposed two-year drug awareness and demand reduction project. 19/

88. The British Virgin Islands drug interdiction effort received a boost with the arrival of a surveillance aircraft, which would be an improvement over the previous system of sharing an air and marine surveillance aircraft with the Turks and Caicos Islands. 44/ It was also reported that the 200-man British frigate HMS Active had visited Tortola after it had concluded a five-day drug-interdiction mission. In addition to drug interdiction, the frigate conducts general defence, anti-submarine, search and rescue and hurricane relief activities. 19/

89. The total amount of cocaine seized in the Territory between January and June 1991 was 12,070.5 grams, compared with 6,264.5 grams during the corresponding period in 1990. Similarly, the number of arrests for possession and distribution of illegal drugs in the Territory reportedly increased by nearly 200 per cent in the first six months of 1991 compared to the same period in 1990. 51/

90. It was reported in January 1992, however, that overall crime statistics for 1991 showed a significant reduction from the 1990 figures. Total crimes decreased by 15 per cent, from 893 in 1990 to 762 in 1991. 52/

D. Human rights

91. On 20 June 1990, the Chief Minister presented the International Covenant on Economic, Social and Cultural Rights and the International Covenant on Civil and Political Rights to the Territory's Legislative Council for adoption. Both Covenants had been ratified by the United Kingdom and extended to its dependent Territories in 1976. They were not part of the local law and would only become so when adopted by the Territory's Legislature.

V. EDUCATIONAL CONDITIONS

92. Education in the Territory is free and compulsory for all children between 5 and 14 years of age. During the period under review, the Territory's Government took steps to strengthen the educational system in the Territory.

93. It was reported in April 1991 that the territorial Government was considering investing $13.6 million in its first five-year development plan for education, following a recommendation by British-based Cambridge Education Consultants. The plan envisaged spending $3.5 million for a new senior high school, which would accommodate 600 pupils, $3.4 million for improvements to the community college, $713,000 for refurbishing the high school as a junior high school, $478,000 for upgrading the Bregado Flax Education Centre and $322,000 for refurbishing primary schools. Under the plan, additional funds would be spent on consultancies, local and external teacher-training, a teacher resource centre and small libraries for schools throughout the territory. 32/

Notes

1/ The information contained in this paper has been derived from published reports including the Caribbean Development Bank Annual Report 1990 and from information transmitted to the Secretary-General on 31 July and 16 August 1991 by the Government of the United Kingdom of Great Britain and Northern Ireland under Article 73 e of the Charter of the United Nations.

2/ The Island Sun (Tortola), 18 May 1991.

3/ The Beacon (Tortola), 5 December 1991.

4/ The Island Sun (Tortola), 29 June 1991.

5/ The Beacon (Tortola), 13 January 1991.

6/ A/C.4/46/SR.11, paras. 9 and 10.

7/ The Island Sun (Tortola), 5 October 1991.

8/ Ibid., 12 October 1991.

9/ Ibid., 6 July 1991.

10/ The Beacon (Tortola), 4 July 1991.

11/ Ibid., 11 July 1991.

12/ The Island Sun (Tortola), 8 June 1991.

13/ The Beacon (Tortola), 21 March 1991.

14/ The Island Sun (Tortola), 15 June 1991.

15/ Ibid., 21 September 1991.

16/ Ibid., 19 October 1991.

Notes (continued)

17/ Ibid., 9 March 1991.

18/ Ibid., 2 March 1991.

19/ The Beacon (Tortola), 7 March 1991.

20/ The Island Sun (Tortola), 27 July 1991.

21/ Ibid., 7 February 1991.

22/ Ibid, 19 September 1991.

23/ Pacific Daily News (Agana), 2 November 1991.

24/ The Island Sun (Tortola), 26 October 1991.

25/ Ibid., 16 March 1991.

26/ The Beacon (Tortola), 28 November 1991.

27/ The Island Sun (Tortola), 14 December 1991.

28/ The Beacon (Tortola), 3 October 1991.

29/ The local currency is the United States dollar.

30/ The Beacon (Tortola), 12 September 1991.

31/ Caribbean Insight (United States), May 1991.

32/ The Island Sun (Tortola), 27 April 1991.

33/ The Beacon (Tortola), 18 July 1991.

34/ The Island Sun (Tortola), 7 December 1991.

35/ The Beacon (Tortola), 9 May 1991.

36/ The Island Sun (Tortola), 11 January 1992.

37/ Ibid., 16 November 1991.

38/ Ibid., 22 June 1991; see also The Beacon, 14 November 1991.

39/ The Beacon (Tortola), 1 and 15 August 1991.

40/ Ibid., 26 September 1991.

Notes (continued)

41/ Ibid., 21 November 1991.

42/ Ibid., 10 November 1990.

43/ Ibid., 4 May 1991.

44/ Ibid., 11 May 1991.

45/ Ibid., 20 June and 21 December 1991.

46/ The Island Sun (Tortola), 21 December 1991.

47/ The Beacon (Tortola), 27 June 1991.

48/ The Island Sun (Tortola), 14 September 1991.

49/ The Beacon (Tortola), 29 August 1991.

50/ Department of Information and Public Relations, News Releases Nos. 76R/91 and 238/91.

51/ The Beacon (Tortola), 5 September 1991.

52/ Department of Information and Public Relations, News Release No. 010R/92; see also The Island Sun (Tortola), 28 September 1991.